

House File 2671 - Introduced

HOUSE FILE _____
BY T. OLSON, WISE, PETERSEN,
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and JOCHUM

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to local government by modifying provisions
2 related to franchise fees and by creating a pilot city program
3 to establish efficient growth, authorize revenue sources other
4 than property taxes, and provide city property tax relief
5 through property tax credits, and by providing tax credits for
6 the redevelopment of underutilized properties and clarifying
7 the meaning of eligible business under the high job quality
8 creation program, including penalties and including effective
9 and applicability date provisions.
10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
11 TLSB 6010YH 82
12 mg/sc/5

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1 1 DIVISION I
1 2 CITY FRANCHISE FEES
1 3 Section 1. Section 364.2, subsection 4, paragraph f, Code
1 4 Supplement 2007, is amended to read as follows:
1 5 f. A franchise fee assessed by a city may be based upon a
1 6 percentage of gross revenues generated from sales of the
1 7 franchisee within the city not to exceed five percent, without
1 8 regard to the city's cost of inspecting, supervising, and
1 9 otherwise regulating the franchise. Franchise fees collected
1 10 may be credited to the city general fund and used for city
1 11 general fund purposes. However, at least twenty percent of
1 12 the fees collected shall be used for property tax relief. If
1 13 a city franchise fee is assessed to customers of a franchise,
1 14 the fee shall not be assessed to the city as a customer.
1 15 Before a city adopts or amends a franchise fee rate ordinance
1 16 or franchise ordinance to increase the percentage rate at
1 17 which franchise fees are assessed, a revenue purpose statement
1 18 shall be prepared specifying the purpose or purposes for which
1 19 the revenue collected from the increased rate will be
1 20 expended. If additional property tax relief is listed as a
1 21 purpose, the revenue purpose statement shall also include
1 22 information regarding the amount of the additional property
1 23 tax relief to be provided with revenue collected from the
1 24 increased rate. The revenue purpose statement shall be
1 25 published as provided in section 362.3.
1 26 Sec. 2. CERTAIN FRANCHISE FEES DECLARED LEGAL. To the
1 27 extent that any amount of franchise fees assessed by and paid
1 28 to a city prior to the effective date of this division of this
1 29 Act, pursuant to a franchise agreement between a city and any
1 30 person to erect, maintain, and operate plants and systems for
1 31 electric light and power, heating, telegraph, cable
1 32 television, district telegraph and alarm, motor bus, trolley
1 33 bus, street railway or other public transit, waterworks, or
1 34 gasworks, exceeds the city's reasonable costs of inspecting,
1 35 supervising, and otherwise regulating the franchise, such
2 1 amount is deemed and declared to be authorized and legally
2 2 assessed by and paid to the city.
2 3 Sec. 3. EFFECTIVE DATE. This division of this Act, being
2 4 deemed of immediate importance, takes effect upon enactment.
2 5 DIVISION II
2 6 EFFICIENT GROWTH == ALTERNATIVE REVENUE SOURCES
2 7 SUBCHAPTER I
2 8 EFFICIENT GROWTH
2 9 Sec. 4. NEW SECTION. 385.1 EFFICIENT GROWTH == FINDINGS.
2 10 1. The general assembly finds that environmental,
2 11 financial, and social resources must be utilized efficiently

2 12 by cities so that future generations may share in their
2 13 benefits. For cities to be sustainable they must accomplish
2 14 all of the following:

- 2 15 a. Control the costs of government.
- 2 16 b. Preserve rich and productive agricultural lands and
2 17 other natural resources.
- 2 18 c. Provide housing options for all residents.
- 2 19 d. Recover the costs of providing public services.
- 2 20 e. Promote the development and redevelopment of vacant or
2 21 underutilized lots within the city, including brownfield
2 22 sites.
- 2 23 f. Create livable, walkable communities that are
2 24 attractive, vibrant, and engaging.
- 2 25 g. Create integrated regional transportation systems that
2 26 provide residents with more than one viable transportation
2 27 option.

2 28 2. The general assembly further finds that the current
2 29 process of development subsidizes new construction in areas
2 30 where little public infrastructure or public services exist.
2 31 The costs to local governments for providing these services
2 32 are not easily or efficiently recovered by local governments.
2 33 States and cities throughout the country have created new
2 34 systems that improve the financial sustainability of the
2 35 development process through the recovery of costs, targeting
3 1 new developments toward vacant or underutilized sites within a
3 2 city, and ensuring that new development occurs concurrently
3 3 with infrastructure development.

3 4 Sec. 5. NEW SECTION. 385.2 PILOT PROGRAM CITIES ==
3 5 DESIGNATION.

3 6 1. Except as limited in subsection 2, a city that meets
3 7 the requirements established in this subchapter with regard to
3 8 an efficient growth plan shall be designated a pilot city that
3 9 is authorized to impose taxes and fees specified in this
3 10 chapter.

3 11 2. a. The total number of cities that may be designated
3 12 pilot cities equals ten cities except as follows:

- 3 13 (1) Cities contiguous to each other may prepare and adopt
3 14 a joint efficient growth plan. These cities shall be
3 15 designated as one pilot city.
- 3 16 (2) A city contiguous to another city or group of cities
3 17 that have been designated a pilot city may prepare and adopt
3 18 an efficient growth plan and may submit it to the pilot city
3 19 for consideration as an amendment to the pilot city's plan.
3 20 If the proposed amendment is approved by the governing body of
3 21 the pilot city or the governing body of each city in the case
3 22 of subparagraph (1), the city proposing the amendment shall be
3 23 included in the designation of pilot city.

3 24 b. Of the total number of cities that may be designated
3 25 pilot cities, designations as pilot cities shall be reserved
3 26 as follows:

- 3 27 (1) At least one city with a population of less than ten
3 28 thousand shall be designated a pilot city. This city shall
3 29 not be part of a group of cities as provided in paragraph "a",
3 30 subparagraph (1) or (2).
- 3 31 (2) At least one city with a population of at least ten
3 32 thousand but not more than thirty-five thousand shall be
3 33 designated a pilot city. This city shall not be part of a
3 34 group of cities as provided in paragraph "a", subparagraph (1)
3 35 or (2).

4 1 3. Cities that are designated as one pilot city under
4 2 subsection 2, paragraph "a", subparagraph (1) or (2), may
4 3 independently of each other, impose taxes and fees specified
4 4 in this chapter.

4 5 Sec. 6. NEW SECTION. 385.3 EFFICIENT GROWTH PLAN.

4 6 1. Before a city may impose the taxes and fees authorized
4 7 in this chapter, the city shall prepare and adopt an efficient
4 8 growth plan. An efficient growth plan may be prepared and
4 9 adopted jointly with contiguous cities as authorized in
4 10 section 385.2, subsection 2, paragraph "a". With regard to
4 11 required elements of a joint plan, references to city means
4 12 all the cities participating in preparation of the joint plan.

4 13 2. An efficient growth plan shall contain, at a minimum,
4 14 all of the following elements:

- 4 15 a. ISSUES AND OPPORTUNITIES ELEMENT. Background
4 16 information on the city and a statement of overall objectives,
4 17 policies, goals, and programs of the city to guide its future
4 18 development and redevelopment over a twenty-year planning
4 19 period. Background information shall include population,
4 20 number and size of households, and employment forecasts used
4 21 in developing its efficient growth plan, and demographic
4 22 trends, age distribution, educational levels, income levels,

4 23 and employment characteristics that exist within the city.

4 24 b. HOUSING ELEMENT. A compilation of objectives,
4 25 policies, goals, maps, and programs of the city to provide an
4 26 adequate housing supply that meets existing and forecasted
4 27 housing demand in the city. The element shall assess the age,
4 28 structural value, and occupancy characteristics of the city's
4 29 housing stock.

4 30 c. TRANSPORTATION ELEMENT. A compilation of objectives,
4 31 policies, goals, maps, and programs to guide the future
4 32 development of the various modes of transportation, including
4 33 highways, mass transit, transportation systems for persons
4 34 with disabilities, bicycles, walking, railroads, air
4 35 transportation, trucking, and water transportation.

5 1 d. UTILITIES AND COMMUNITY FACILITIES ELEMENT. A
5 2 compilation of objectives, policies, goals, maps, and programs
5 3 to guide the future development of utilities and community
5 4 facilities in the city, such as sanitary sewer service, storm
5 5 water management, water supply, solid waste disposal, on-site
5 6 wastewater treatment technologies, recycling facilities,
5 7 telecommunications facilities, power generating plants, and
5 8 transmission lines, cemeteries, health care facilities, child
5 9 care facilities, and other public facilities.

5 10 e. AGRICULTURAL, NATURAL, AND CULTURAL RESOURCES ELEMENT.
5 11 A compilation of objectives, policies, goals, maps, and
5 12 programs for the conservation and effective management of
5 13 natural resources within the city and in areas adjacent to the
5 14 city, such as groundwater, forests, productive agricultural
5 15 areas, environmentally sensitive areas, threatened and
5 16 endangered species, stream corridors, surface water,
5 17 floodplains, wetlands, wildlife habitat, metallic and
5 18 nonmetallic mineral resources, parks, open spaces, historical
5 19 and cultural resources, community design, recreational
5 20 resources, and other agricultural, natural, and cultural
5 21 resources.

5 22 f. ECONOMIC DEVELOPMENT ELEMENT. A compilation of
5 23 objectives, policies, goals, maps, and programs to promote the
5 24 stabilization, retention, or expansion of the economic base
5 25 and quality employment opportunities in the city, including an
5 26 analysis of the labor force and economic base of the city.
5 27 The element shall assess categories or particular types of new
5 28 businesses and industries that are desired by the city.

5 29 g. INTERGOVERNMENTAL COOPERATION ELEMENT. A compilation
5 30 of objectives, policies, goals, maps, and programs for joint
5 31 planning and decision making with other jurisdictions,
5 32 including school districts, counties, townships, and adjacent
5 33 cities, for siting and building public facilities and sharing
5 34 public services.

5 35 h. LAND USE ELEMENT. A compilation of objectives,
6 1 policies, goals, maps, and programs to guide the future
6 2 development and redevelopment of public and private property.
6 3 The element shall contain a listing of the amount, type,
6 4 intensity, and net density of existing uses of land in the
6 5 city, such as agricultural, residential, commercial,
6 6 industrial, and other public and private uses. The element
6 7 shall also include a series of maps that shows current land
6 8 uses and future land uses that indicate productive
6 9 agricultural soils; natural limitations for building site
6 10 development; floodplains, wetlands, and other environmentally
6 11 sensitive lands; the boundaries of areas to which services of
6 12 public utilities and community facilities will be provided in
6 13 the future; and the general location of future land uses by
6 14 density and other classifications.

6 15 i. IMPLEMENTATION ELEMENT. A compilation of programs and
6 16 specific actions to be completed in a stated sequence,
6 17 including proposed changes to any applicable zoning
6 18 ordinances, official maps, or subdivision ordinances, to
6 19 implement the objectives, policies, plans, and programs. The
6 20 element shall describe how each of the elements of the
6 21 efficient growth plan will be integrated and made consistent
6 22 with the other elements of the plan.

6 23 3. a. An efficient growth plan shall include areas
6 24 designated by the city as urban growth areas, based on the
6 25 elements in subsection 2. An urban growth area shall identify
6 26 territory, within or without the current boundaries of a city,
6 27 that a reasonable and prudent person would project as the
6 28 likely site of commercial, industrial, or residential growth
6 29 over the next twenty years based on historical experience,
6 30 economic trends, population growth patterns, topographical
6 31 characteristics, and any professional planning, engineering,
6 32 and economic studies that are available. The city shall
6 33 report population growth projections for the city based upon

6 34 federal census data.

6 35 b. The efficient growth plan shall also identify vacant or
7 1 underutilized lots or parcels of property within the city and
7 2 issues associated with transforming those vacant or
7 3 underutilized lots or parcels into feasible development areas.
7 4 4. Prior to the adoption of an efficient growth plan the
7 5 city shall hold a public hearing. Notice of the hearing shall
7 6 be published as provided in section 362.3. Prior to or at the
7 7 same time as notice of the hearing is published, a copy of a
7 8 preliminary draft of the efficient growth plan shall be made
7 9 available for review at the office of the city clerk.

7 10 Following the public hearing, the city council may adopt the
7 11 efficient growth plan as originally drafted, or as amended.

7 12 5. After adoption of the efficient growth plan, the
7 13 council shall amend the plan into the comprehensive plan of
7 14 the city prepared pursuant to section 414.3, and the
7 15 comprehensive plan, as amended, shall be the basis of zoning
7 16 regulations and restrictions adopted by the city and of zoning
7 17 districts created by the city pursuant to section 414.2.

7 18 6. A copy of the efficient growth plan adopted by the city
7 19 shall be filed in the office of city clerk and shall be
7 20 available to the public upon request. In addition, the city
7 21 clerk shall submit a copy of the efficient growth plan to the
7 22 city development board created in section 368.9, and the board
7 23 shall make the plan available to the public upon request.
7 24 Upon receipt of the copy of the efficient growth plan by the
7 25 board, the city shall become a designated pilot city, subject
7 26 to the limitations in section 385.2, subsection 2, on the
7 27 number of cities that may be designated a pilot city and the
7 28 reservation for certain sized cities. The board shall notify
7 29 the departments of management and revenue of the date and time
7 30 the board receives an efficient growth plan submitted by a
7 31 city.

7 32 SUBCHAPTER II

7 33 CITY FRANCHISE FEES

7 34 Sec. 7. NEW SECTION. 385.4 CITY FRANCHISE FEES.

7 35 1. A pilot city may assess by ordinance a franchise fee
8 1 based upon a percentage of gross revenues generated from sales
8 2 of the franchisee within the city not to exceed three percent.
8 3 The franchise fees assessed under this subchapter shall be in
8 4 addition to any franchise fees assessed pursuant to section
8 5 364.2, subsection 4, paragraph "f".

8 6 2. Franchise fees collected by the city under this
8 7 subchapter shall be deposited and used as provided in
8 8 subchapter VII.

8 9 SUBCHAPTER III

8 10 HOTEL AND MOTEL TAX

8 11 Sec. 8. NEW SECTION. 385.5 DEFINITIONS.

8 12 For the purposes of this subchapter, unless the context
8 13 otherwise requires:

8 14 1. "Department" means the department of revenue.

8 15 2. "Lessor" means any person engaged in the business of
8 16 renting lodging to users.

8 17 3. "Lodging" means rooms, apartments, or sleeping quarters
8 18 in a hotel, motel, inn, public lodging house, rooming house,
8 19 or manufactured or mobile home which is tangible personal
8 20 property, or in a tourist court, or in any place where
8 21 sleeping accommodations are furnished to transient guests for
8 22 rent, whether with or without meals.

8 23 4. "Person" means the same as the term is defined in
8 24 section 423.1.

8 25 5. "Renting" or "rent" means a transfer of possession or
8 26 control of lodging for a fixed or indeterminate term for
8 27 consideration and includes any kind of direct or indirect
8 28 charge for such lodging or its use.

8 29 6. "Sales price" means the consideration for renting of
8 30 lodging and means the same as the term is defined in section
8 31 423.1.

8 32 7. "User" means a person to whom lodging is rented.

8 33 All other words and phrases used in this subchapter and
8 34 defined in section 423.1 have the meaning given them by
8 35 section 423.1 for the purposes of this subchapter.

9 1 Sec. 9. NEW SECTION. 385.6 LOCALLY IMPOSED HOTEL AND
9 2 MOTEL TAX.

9 3 A pilot city may impose by ordinance a hotel and motel tax,
9 4 at a rate not to exceed two percent, which shall be imposed in
9 5 increments of one or more full percentage points upon the
9 6 sales price from the renting of lodging. The tax shall apply
9 7 only within the corporate boundaries of the pilot city.

9 8 A local hotel and motel tax shall be imposed on January 1
9 9 or July 1, following the notification of the director of

9 10 revenue. Once imposed, the tax shall remain in effect at the
9 11 rate imposed for a minimum of one year. A local hotel and
9 12 motel tax shall terminate only on June 30 or December 31. At
9 13 least forty-five days prior to the tax being effective or
9 14 prior to a revision in the tax rate or prior to the repeal of
9 15 the tax, a city shall provide notice by mail of such action to
9 16 the director of revenue.

9 17 Imposition of the local hotel and motel tax under this
9 18 subchapter is in addition to any local hotel and motel tax
9 19 imposed pursuant to chapter 423A.

9 20 Sec. 10. NEW SECTION. 385.7 EXEMPTIONS.

9 21 There are exempted from the provisions of this subchapter
9 22 and from the computation of any amount of tax imposed by
9 23 section 385.6 all of the following:

9 24 1. The sales price from the renting of lodging which is
9 25 rented by the same person for a period of more than thirty-one
9 26 consecutive days.

9 27 2. The sales price from the renting of sleeping rooms in
9 28 dormitories and in memorial unions at all universities and
9 29 colleges located in the state of Iowa.

9 30 3. The sales price of lodging furnished to the guests of a
9 31 religious institution if the property is exempt under section
9 32 427.1, subsection 8, and the purpose of renting is to provide
9 33 a place for a religious retreat or function and not a place
9 34 for transient guests generally.

9 35 Sec. 11. NEW SECTION. 385.8 ADMINISTRATION BY DIRECTOR.

10 1 The director of revenue shall administer the local hotel
10 2 and motel tax as nearly as possible in conjunction with the
10 3 administration of the state sales tax law, except that portion
10 4 of the law which implements the streamlined sales and use tax
10 5 agreement. The director shall provide appropriate forms, or
10 6 provide space on the regular state tax forms, for reporting
10 7 local hotel and motel tax liability. All moneys received or
10 8 refunded one hundred eighty days after the date on which a
10 9 city terminates its local hotel and motel tax shall be
10 10 deposited in or withdrawn from the general fund of the state.

10 11 The director, in consultation with local officials, shall
10 12 collect and account for a local hotel and motel tax and shall
10 13 credit all revenues to the local hotel and motel tax fund
10 14 created in section 385.9. Local authorities shall not require
10 15 any tax permit not required by the director of revenue.

10 16 Section 422.25, subsection 4, sections 422.30, 422.67, and
10 17 422.68, section 422.69, subsection 1, sections 422.70, 422.71,
10 18 422.72, 422.74, and 422.75, section 423.14, subsection 1, and
10 19 sections 423.23, 423.24, 423.25, 423.31, 423.33, 423.35,
10 20 423.37 through 423.42, and 423.47, consistent with the
10 21 provisions of this subchapter, apply with respect to the taxes
10 22 authorized under this subchapter, in the same manner and with
10 23 the same effect as if the local hotel and motel taxes were
10 24 retail sales taxes within the meaning of those statutes.
10 25 Notwithstanding this paragraph, the director shall provide for
10 26 quarterly filing of returns and for other than quarterly
10 27 filing of returns both as prescribed in section 423.31. The
10 28 director may require all persons who are engaged in the
10 29 business of deriving any sales price subject to tax under this
10 30 subchapter to register with the department. All taxes
10 31 collected under this subchapter by a retailer or any
10 32 individual are deemed to be held in trust for the state of
10 33 Iowa and the local jurisdictions imposing the taxes.

10 34 Sec. 12. NEW SECTION. 385.9 LOCAL HOTEL AND MOTEL TAX
10 35 FUND == USE OF REVENUES.

11 1 1. A local hotel and motel tax fund is created in the
11 2 department which shall consist of all moneys credited to such
11 3 fund under section 385.8.

11 4 2. All moneys in the local hotel and motel tax fund shall
11 5 be remitted at least quarterly by the department, pursuant to
11 6 rules of the director of revenue, to each city imposing the
11 7 tax in the amount collected from businesses in that city.

11 8 3. Local hotel and motel revenues received by the city
11 9 under this subchapter shall be deposited and used as provided
11 10 in subchapter VII.

11 11 SUBCHAPTER IV
11 12 LOCAL SALES AND SERVICES TAX

11 13 Sec. 13. NEW SECTION. 385.10 LOCAL SALES AND SERVICES
11 14 TAX.

11 15 1. A pilot city may impose by ordinance a local sales and
11 16 services tax at the rate of one percent on the sales price
11 17 taxed by the state under chapter 423, subchapter II. A local
11 18 sales and services tax shall be imposed on the same basis as
11 19 the state sales and services tax or, in the case of the use of
11 20 natural gas, natural gas service, electricity, or electric

11 21 service, on the same basis as the state use tax. A local
11 22 sales and services tax shall not be imposed on the sale of any
11 23 property or on any service not taxed by the state, except the
11 24 tax shall not be imposed on the sales price from the sale of
11 25 motor fuel or special fuel as defined in chapter 452A which is
11 26 consumed for highway use or in watercraft or aircraft if the
11 27 fuel tax is paid on the transaction and a refund has not or
11 28 will not be allowed, on the sales price from the sale of
11 29 equipment by the state department of transportation, or on the
11 30 sales price from the sale or use of natural gas, natural gas
11 31 service, electricity, or electric service in a city where the
11 32 sales price from the sale of natural gas or electric energy is
11 33 subject to a franchise fee or user fee during the period the
11 34 franchise or user fee is imposed. A local sales and services
11 35 tax is applicable to transactions within the incorporated
12 1 areas of the city where it is imposed and shall be collected
12 2 by all persons required to collect state sales taxes.
12 3 The amount of the sale, for purposes of determining the
12 4 amount of the local sales and services tax, does not include
12 5 the amount of any state sales tax.
12 6 A tax permit other than the state sales tax permit required
12 7 under section 423.36 shall not be required by local
12 8 authorities.

12 9 2. If a local sales and services tax is imposed by a city
12 10 pursuant to this subchapter, a local excise tax at the same
12 11 rate shall be imposed by the city on the purchase price of
12 12 natural gas, natural gas service, electricity, or electric
12 13 service subject to tax under chapter 423, subchapter III, and
12 14 not exempted from tax by any provision of chapter 423,
12 15 subchapter III. The local excise tax is applicable only to
12 16 the use of natural gas, natural gas service, electricity, or
12 17 electric service within the incorporated areas of the city
12 18 where it is imposed and, except as otherwise provided in this
12 19 subchapter, shall be collected and administered in the same
12 20 manner as the local sales and services tax. For purposes of
12 21 this subchapter, "local sales and services tax" shall also
12 22 include the local excise tax.

12 23 3. A local sales and services tax under this subchapter
12 24 shall not be imposed if a local sales and services tax under
12 25 chapter 423B is imposed in any area of the city.

12 26 Sec. 14. NEW SECTION. 385.11 ADMINISTRATION.

12 27 1. a. A local sales and services tax shall be imposed
12 28 either January 1 or July 1 following the notification of the
12 29 director of revenue but not sooner than ninety days following
12 30 the passage of the ordinance and not sooner than sixty days
12 31 following notice to sellers, as defined in section 423.1.

12 32 b. A local sales and services tax shall be repealed only
12 33 on June 30 or December 31 but not sooner than ninety days
12 34 following the repeal of the ordinance. However, a local sales
12 35 and services tax shall not be repealed before the tax has been
13 1 in effect for one year. At least forty days before the

13 2 imposition or repeal of the tax, a city shall provide notice
13 3 of the action by certified mail to the director of revenue.

13 4 c. The imposition of a local sales and services tax shall
13 5 not be applied to purchases from a printed catalog wherein a
13 6 purchaser computes the local tax based on rates published in
13 7 the catalog unless a minimum of one hundred twenty days'
13 8 notice of the imposition or rate change has been given to the
13 9 seller from the catalog and the first day of a calendar
13 10 quarter has occurred on or after the one hundred twentieth
13 11 day.

13 12 2. a. The director of revenue shall administer a local
13 13 sales and services tax as nearly as possible in conjunction
13 14 with the administration of state sales tax laws. The director
13 15 shall provide appropriate forms or provide space on the
13 16 regular state tax forms for reporting local sales and services
13 17 tax liability.

13 18 b. The ordinance of a city imposing a local sales and
13 19 services tax shall adopt by reference the applicable
13 20 provisions of the appropriate sections of chapter 423. All
13 21 powers and requirements of the director to administer the
13 22 state sales tax law and use tax law are applicable to the
13 23 administration of a local sales and services tax law and the
13 24 local excise tax, including but not limited to the provisions
13 25 of section 422.25, subsection 4, sections 422.30, 422.67, and
13 26 422.68, section 422.69, subsection 1, sections 422.70 to
13 27 422.75, section 423.14, subsection 1 and subsection 2,
13 28 paragraphs "b" through "e", and sections 423.15, 423.23,
13 29 423.24, 423.25, 423.31 to 423.35, 423.37 to 423.42, 423.46,
13 30 and 423.47. Local officials shall confer with the director of
13 31 revenue for assistance in drafting the ordinance imposing a

13 32 local sales and services tax. A certified copy of the
13 33 ordinance shall be filed with the director as soon as possible
13 34 after passage.
13 35 c. Frequency of deposits and quarterly reports of a local
14 1 sales and services tax with the department of revenue are
14 2 governed by the tax provisions in section 423.31. Local tax
14 3 collections shall not be included in computation of the total
14 4 tax to determine frequency of filing under section 423.31.
14 5 d. The director shall apply a boundary change of a city
14 6 imposing or collecting the local sales and services tax to the
14 7 imposition or collection of that tax only on the first day of
14 8 a calendar quarter which occurs sixty days or more after the
14 9 director has given notice of the boundary change to sellers.
14 10 3. a. The director, in consultation with local officials,
14 11 shall collect and account for a local sales and services tax.
14 12 The director shall certify each quarter the amount of local
14 13 sales and services tax receipts and any interest and penalties
14 14 to be credited to a local sales and services tax fund of that
14 15 city established in the office of the treasurer of state. All
14 16 taxes collected under this subchapter by a retailer or any
14 17 individual are deemed to be held in trust for the state of
14 18 Iowa and the local jurisdictions imposing the taxes.
14 19 b. All local tax moneys and interest and penalties
14 20 received or refunded one hundred eighty days or more after the
14 21 date on which the city repeals its local sales and services
14 22 tax shall be deposited in or withdrawn from the general fund
14 23 of the state.
14 24 Sec. 15. NEW SECTION. 385.12 PAYMENT TO THE CITY == USE
14 25 OF RECEIPTS.
14 26 1. The director shall credit the local sales and services
14 27 tax receipts and interest and penalties from a city=imposed
14 28 tax to the city's local sales and services tax fund.
14 29 2. a. The director of revenue by August 15 of each fiscal
14 30 year shall send to the city where the local option tax is
14 31 imposed an estimate of the amount of tax moneys the city will
14 32 receive for the year and for each month of the year. At the
14 33 end of each month, the director may revise the estimates for
14 34 the year and remaining months.
14 35 b. The director of revenue shall remit ninety=five percent
15 1 of the estimated tax receipts for the city to the city on or
15 2 before August 31 of the fiscal year and on or before the last
15 3 day of each following month.
15 4 c. The director of revenue shall remit a final payment of
15 5 the remainder of tax moneys due the city for the fiscal year
15 6 before November 10 of the next fiscal year. If an overpayment
15 7 has resulted during the previous fiscal year, the November
15 8 payment shall be adjusted to reflect any overpayment.
15 9 3. Local sales and services tax revenues received by the
15 10 city under this subchapter shall be deposited and used as
15 11 provided in subchapter VII.
15 12 Sec. 16. NEW SECTION. 385.13 CONSTRUCTION CONTRACTOR
15 13 REFUNDS.
15 14 1. Construction contractors may make application to the
15 15 department for a refund of the additional local sales and
15 16 services tax paid under this subchapter by reason of taxes
15 17 paid on goods, wares, or merchandise under the following
15 18 conditions:
15 19 a. The goods, wares, or merchandise are incorporated into
15 20 an improvement to real estate in fulfillment of a written
15 21 contract fully executed prior to the date of the imposition of
15 22 a local sales and services tax under this subchapter. The
15 23 refund shall not apply to equipment transferred in fulfillment
15 24 of a mixed construction contract.
15 25 b. The contractor has paid to the department or to a
15 26 retailer the full amount of the state and local tax.
15 27 c. The claim is filed on forms provided by the department
15 28 and is filed within one year of the date the tax is paid.
15 29 2. The department shall pay the refund from the city's
15 30 local sales and services tax fund.
15 31 3. A contractor who makes an erroneous application for
15 32 refund shall be liable for payment of the excess refund paid
15 33 plus interest at the rate in effect under section 421.7. In
15 34 addition, a contractor who willfully makes a false application
15 35 for refund is guilty of a simple misdemeanor and is liable for
16 1 a penalty equal to fifty percent of the excess refund claimed.
16 2 Excess refunds, penalties, and interest due under this
16 3 subsection may be enforced and collected in the same manner as
16 4 the local sales and services tax imposed under this
16 5 subchapter.

16 8 Sec. 17. NEW SECTION. 385.14 LOCAL CIGARETTE AND TOBACCO
16 9 PRODUCTS TAX.

16 10 1. A pilot city may impose by ordinance a local cigarette
16 11 and tobacco products tax pursuant to this subchapter. The tax
16 12 shall be imposed at a rate specified in increments of one or
16 13 more full percentage points upon the sales price of cigarettes
16 14 and tobacco products sold at retail locations in the city.
16 15 The tax shall be imposed on the same basis as the state sales
16 16 tax under chapter 423, subchapter II, and shall not be imposed
16 17 on the sale of any cigarettes or tobacco products not taxed by
16 18 the state.

16 19 2. a. A local cigarette and tobacco products tax shall be
16 20 imposed or the rate changed either January 1 or July 1
16 21 following the notification of the director of revenue but not
16 22 sooner than ninety days following the passage of the ordinance
16 23 imposing or changing the rate of the tax and not sooner than
16 24 sixty days following notice to sellers, as defined in section
16 25 423.1.

16 26 b. A local cigarette and tobacco products tax shall be
16 27 repealed only on June 30 or December 31 but not sooner than
16 28 ninety days following repeal of the ordinance. However, the
16 29 tax shall not be repealed before the tax has been in effect
16 30 for one year. At least forty days before the imposition or
16 31 repeal of the tax, a city shall provide notice of the action
16 32 by certified mail to the director of revenue.

16 33 3. The local cigarette and tobacco products tax shall be
16 34 in addition to any local sales and services tax that may be
16 35 imposed pursuant to subchapter IV or chapter 423B.

17 1 4. For purposes of this subchapter:

17 2 a. "Cigarette" means the same as defined in section

17 3 453A.1.

17 4 b. "Tobacco products" means the same as defined in section
17 5 453A.42.

17 6 Sec. 18. NEW SECTION. 385.15 ADMINISTRATION.

17 7 1. a. The director of revenue shall administer a local
17 8 cigarette and tobacco products tax as nearly as possible in
17 9 conjunction with the administration of state sales tax laws.
17 10 The director shall provide appropriate forms or provide space
17 11 on the regular state tax forms for reporting local cigarette
17 12 and tobacco products tax liability.

17 13 b. The ordinance of a city imposing a local cigarette and
17 14 tobacco products tax shall adopt by reference the applicable
17 15 provisions of the appropriate sections of chapter 423. All
17 16 powers and requirements of the director to administer the
17 17 state sales tax law are applicable to the administration of a
17 18 local cigarette and tobacco products tax law including but not
17 19 limited to the provisions of section 422.25, subsection 4,
17 20 sections 422.30, 422.67, and 422.68, section 422.69,
17 21 subsection 1, sections 422.70 to 422.75, section 423.14,
17 22 subsection 1 and subsection 2, paragraphs "b" through "e", and
17 23 sections 423.15, 423.23, 423.24, 423.25, 423.31 to 423.35,
17 24 423.37 to 423.42, 423.46, and 423.47. Local officials shall
17 25 confer with the director of revenue for assistance in drafting
17 26 the ordinance imposing the tax. A certified copy of the
17 27 ordinance shall be filed with the director as soon as possible
17 28 after passage.

17 29 c. Frequency of deposits and quarterly reports of the
17 30 local tax with the department of revenue are governed by the
17 31 tax provisions in section 423.31. Local tax collections shall
17 32 not be included in computation of the total tax to determine
17 33 frequency of filing under section 423.31.

17 34 d. The director shall apply a boundary change of a city
17 35 imposing or collecting the local tax to the imposition or
18 1 collection of that tax only on the first day of a calendar
18 2 quarter which occurs sixty days or more after the director has
18 3 given notice of the boundary change to sellers.

18 4 2. a. The director, in consultation with local officials,
18 5 shall collect and account for the local tax. The director
18 6 shall certify each quarter the amount of local cigarette and
18 7 tobacco products tax receipts and any interest and penalties
18 8 to be credited to the local cigarette and tobacco products tax
18 9 fund established in the office of the treasurer of state. All
18 10 taxes collected under this subchapter by a retailer or any
18 11 individual are deemed to be held in trust for the state of
18 12 Iowa and the local jurisdiction imposing the tax.

18 13 b. All local tax moneys and interest and penalties
18 14 received or refunded one hundred eighty days or more after the
18 15 date on which the city repeals its local cigarette and tobacco
18 16 products tax shall be deposited in or withdrawn from the
18 17 general fund of the state.

18 18 Sec. 19. NEW SECTION. 385.16 PAYMENT TO THE CITY == USE

18 19 OF RECEIPTS.

18 20 1. All moneys in the city's local cigarette and tobacco
18 21 products tax fund shall be remitted at least quarterly by the
18 22 department of revenue, pursuant to rules of the director of
18 23 revenue, to the city.

18 24 2. Local cigarette and tobacco products tax revenues
18 25 received by the city under this subchapter shall be deposited
18 26 and used as provided in subchapter VII.

18 27 SUBCHAPTER VI

18 28 POLICE AND FIRE SERVICE CHARGE

18 29 Sec. 20. NEW SECTION. 385.17 POLICE AND FIRE PROTECTION
18 30 SERVICE CHARGE IN LIEU OF TAXES.

18 31 1. A pilot city may assess a service charge for the
18 32 providing of police and fire protection in a fiscal year for
18 33 real property that is totally or partially tax-exempt,
18 34 including government-owned real property, and property under
18 35 section 427.1, subsection 8, of nonprofit literary,
19 1 scientific, charitable, benevolent, agricultural, and
19 2 religious institutions and societies used solely for their
19 3 appropriate objects. However, those portions of real property
19 4 owned by a religious institution or organization which are
19 5 used exclusively for worship shall not be assessed the service
19 6 charge. The amount of the service charge shall not exceed the
19 7 rate determined under subsection 2 times the amount of the
19 8 assessed value of the real property that is not subject to the
19 9 city's property tax levy in the fiscal year. Service charges
19 10 are payable at the time and in the same manner as property
19 11 taxes are paid.

19 12 2. The maximum rate of the service charge, expressed in
19 13 dollars per one thousand dollars of assessed valuation, for
19 14 providing police and fire protection equals the portion of the
19 15 property tax levy rate for the city pursuant to sections 384.1
19 16 and 384.6, as certified by the city, which is budgeted to
19 17 support police and fire protection services.

19 18 3. a. If real property assessed a service charge under
19 19 subsection 1 for a fiscal year is subsequently subject to
19 20 property tax on the assessed value upon which the service
19 21 charge was determined, the amount of the property tax shall be
19 22 reduced by the amount of any service charge paid.

19 23 b. If a city receives payment in lieu of property taxes or
19 24 reimbursement for property taxes as a result of a tax
19 25 exemption, the amount of such payment or reimbursement shall
19 26 be a credit on the service charge assessed on that real
19 27 property.

19 28 4. For purposes of this section, real property subject to
19 29 the service charge under subsection 1 shall be valued and
19 30 assessed as required in section 427.1, subsection 18, and in
19 31 accordance with chapter 441, and the owner or other persons as
19 32 authorized by chapter 441 are entitled to protest any
19 33 assessment and take appeals in the same manner as any property
19 34 owner or taxpayer.

19 35 5. Service charges collected under this subchapter shall
20 1 be deposited and used as provided in subchapter VII.

20 2 SUBCHAPTER VII

20 3 USE OF REVENUES

20 4 Sec. 21. NEW SECTION. 385.18 USE OF REVENUES.

20 5 1. All revenues collected as a result of the alternative
20 6 revenue sources authorized under this chapter shall be
20 7 deposited into a property tax relief fund of the city and
20 8 shall be expended for property tax relief as follows:

20 9 a. Seventy percent shall be used to provide property tax
20 10 relief for commercial and industrial property as provided in
20 11 subsection 2, paragraph "a".

20 12 b. Thirty percent shall be used to provide property tax
20 13 relief for all taxable property, including commercial and
20 14 industrial property, as provided in subsection 2, paragraph
20 15 "b".

20 16 2. Moneys in the property tax relief fund as of June 1 of
20 17 each year shall provide property tax credits for taxes payable
20 18 in the following fiscal year as follows:

20 19 a. The county treasurer shall determine the tax credit for
20 20 taxable commercial and industrial property in the city as
20 21 follows:

20 22 (1) Determine the amount in the property tax relief fund
20 23 as of June 1 of each year that is to provide property tax
20 24 credits for commercial and industrial property.

20 25 (2) Divide the amount determined under subparagraph (1) by
20 26 the total of the taxable value of all commercial and
20 27 industrial property in the city.

20 28 (3) Calculate the amount of tax credit for each taxable
20 29 parcel of commercial and industrial property by multiplying

20 30 the amount calculated under subparagraph (2) by the taxable
20 31 value of that parcel.
20 32 b. The county treasurer shall determine the tax credit for
20 33 all taxable property in the city, including taxable commercial
20 34 and industrial property, as follows:
20 35 (1) Determine the amount in the property tax relief fund
21 1 as of June 1 of each year that is to provide property tax
21 2 credits for all taxable property.
21 3 (2) Divide the amount determined under subparagraph (1) by
21 4 the total of the taxable value of all taxable property in the
21 5 city.
21 6 (3) Calculate the amount of tax credit for each taxable
21 7 parcel of property by multiplying the amount calculated under
21 8 subparagraph (2) by the taxable value of that parcel.

21 9 SUBCHAPTER VIII

21 10 REPEAL

21 11 Sec. 22. NEW SECTION. 385.19 REPEAL.

21 12 This chapter is repealed July 1, 2015.

21 13 Sec. 23. EFFECTIVE DATE. This division of this Act, being
21 14 deemed of immediate importance, takes effect upon enactment.

21 15 DIVISION III

21 16 ECONOMIC DEVELOPMENT PROGRAMS

21 17 Sec. 24. Section 15.291, Code 2007, is amended to read as
21 18 follows:

21 19 15.291 DEFINITIONS.

21 20 As used in this part, unless the context otherwise
21 21 requires:

21 22 1. "Brownfield site" means an abandoned, idled, or
21 23 underutilized industrial or commercial facility where
21 24 expansion or redevelopment is complicated by real or perceived
21 25 environmental contamination. A brownfield site includes
21 26 property contiguous with the property on which the individual
21 27 or commercial facility is located. A brownfield site ~~shall~~
21 28 ~~does not include property which has been placed, or is~~
21 29 ~~proposed to be included for placement, on the national~~
21 30 ~~priorities list established pursuant to the federal~~
21 31 ~~Comprehensive Environmental Response, Compensation, and~~
21 32 ~~Liability Act, 42 U.S.C. } 9601 et seq.~~

21 33 2. "Council" means the brownfield redevelopment advisory
21 34 council established in section 15.294.

21 35 3. "Grayfield site" means a property that has been
22 1 developed and has infrastructure in place but whose current
22 2 use is outdated or prevents a better or more efficient use of
22 3 the property. Grayfield site includes vacant, blighted,
22 4 obsolete, or otherwise underutilized industrial or commercial
22 5 property.

22 6 4. "Green development" means a brownfield or grayfield
22 7 site which has been redeveloped or improved such that the
22 8 property meets the voluntary performance standards for new
22 9 construction or existing buildings of the United States green
22 10 building council's leadership in energy and environmental
22 11 design green building rating system.

22 12 5. "Qualifying investment" means the purchase price, the
22 13 cleanup costs, and the redevelopment costs directly related to
22 14 a qualifying redevelopment project.

22 15 6. "Qualifying redevelopment project" means a brownfield
22 16 or a grayfield site being redeveloped or improved by the
22 17 property owner. Qualifying redevelopment project does not
22 18 include a previously remediated or redeveloped brownfield
22 19 site.

22 20 7. "Sponsorship" means an agreement between a city or
22 21 county and an applicant for assistance under the brownfield
22 22 redevelopment program where the city or county agrees to offer
22 23 assistance or guidance to the applicant.

22 24 Sec. 25. NEW SECTION. 15.293A REDEVELOPMENT TAX CREDITS.

22 25 1. a. A redevelopment tax credit shall be allowed against
22 26 the taxes imposed in chapter 422, divisions II, III, and V,
22 27 and in chapter 432, and against the moneys and credits tax
22 28 imposed in section 533.329, for a portion of a taxpayer's
22 29 equity investment, as provided in subsection 2, in a
22 30 qualifying redevelopment project.

22 31 b. An individual may claim a tax credit under this
22 32 subsection of a partnership, limited liability company, S
22 33 corporation, estate, or trust electing to have income taxed
22 34 directly to the individual. The amount claimed by the
22 35 individual shall be based upon the pro rata share of the
23 1 individual's earnings from the partnership, limited liability
23 2 company, S corporation, estate, or trust.

23 3 c. Any tax credit in excess of the taxpayer's liability
23 4 for the tax year is not refundable but may be credited to the
23 5 tax liability for the following five years or until depleted,

23 6 whichever is earlier. A tax credit shall not be carried back
23 7 to a tax year prior to the tax year in which the taxpayer
23 8 first receives the tax credit.

23 9 2. The amount of the tax credit shall equal one of the
23 10 following:

23 11 a. Twenty percent of the taxpayer's qualifying investment
23 12 in a grayfield site.

23 13 b. Twenty-five percent of the taxpayer's qualifying
23 14 investment in a grayfield site if the qualifying redevelopment
23 15 project meets the requirements of a green development.

23 16 c. Forty percent of the taxpayer's qualifying investment
23 17 in a brownfield site.

23 18 d. Fifty percent of the taxpayer's qualifying investment
23 19 in a brownfield site if the qualifying redevelopment project
23 20 meets the requirements of a green development.

23 21 3. For purposes of individual and corporate income taxes
23 22 and the franchise tax, the increase in the basis of the
23 23 redeveloped property that would otherwise result from the
23 24 qualified redevelopment costs shall be reduced by the amount
23 25 of the credit computed under this part.

23 26 4. The maximum amount of a tax credit for a qualifying
23 27 investment in any one qualifying redevelopment project shall
23 28 not exceed twenty percent of the maximum amount of tax credits
23 29 available in any one fiscal year pursuant to subsection 5.

23 30 5. For tax years beginning in the 2009 calendar year, the
23 31 maximum amount of tax credits issued by the department shall
23 32 not exceed three million dollars. For tax years beginning in
23 33 the 2010 calendar year, the maximum amount of tax credits
23 34 issued by the department shall not exceed six million dollars.
23 35 For tax years beginning in the 2011 calendar year, and for tax
24 1 years beginning in subsequent calendar years, the maximum
24 2 amount of tax credits issued by the department shall not
24 3 exceed ten million dollars.

24 4 6. An investment shall be deemed to have been made on the
24 5 date the qualifying redevelopment project is completed. An
24 6 investment made prior to January 1, 2009, shall not qualify
24 7 for a tax credit under this part.

24 8 7. The department shall develop a system for registration
24 9 and authorization of tax credits authorized pursuant to this
24 10 part and shall control distribution of all tax credits
24 11 distributed to investors pursuant to this part.

24 12 8. The department shall develop rules for the
24 13 qualification of qualifying redevelopment projects and
24 14 qualifying investments. The department of revenue shall adopt
24 15 these criteria as administrative rules and shall adopt any
24 16 other rules pursuant to chapter 17A necessary for the
24 17 administration of this part.

24 18 9. The department may cooperate with the department of
24 19 natural resources and local governments in an effort to
24 20 disseminate information regarding the availability of tax
24 21 credits for investments in qualifying redevelopment projects
24 22 under this part.

24 23 Sec. 26. NEW SECTION. 15.293B APPROVAL == REQUIREMENTS
24 24 == REPAYMENT.

24 25 1. An investor seeking to claim a tax credit pursuant to
24 26 section 15.293A shall apply to the council which shall have
24 27 the power to approve the amount of tax credit available for
24 28 each qualifying redevelopment project.

24 29 2. An investor applying for a tax credit shall provide the
24 30 council with all of the following:

24 31 a. Information showing the total costs of the qualifying
24 32 redevelopment project, including the costs of land
24 33 acquisition, cleanup, and redevelopment.

24 34 b. Information about the financing sources of the
24 35 investment which are directly related to the qualifying
25 1 redevelopment project for which the taxpayer is seeking
25 2 approval for a tax credit, as provided in section 15.293A.

25 3 3. If a taxpayer receives a tax credit pursuant to section
25 4 15.293A, but fails to comply with any of the requirements, the
25 5 taxpayer loses any right to the tax credit, and the department
25 6 of revenue shall seek recovery of the value of the credit
25 7 received.

25 8 Sec. 27. Section 15.294, Code 2007, is amended by adding
25 9 the following new subsection:

25 10 NEW SUBSECTION. 4. The council shall consider
25 11 applications for redevelopment tax credits as described in
25 12 sections 15.293A and 15.293B, and the council may approve the
25 13 amount of such tax credits for qualifying investments in
25 14 qualifying redevelopment projects.

25 15 Sec. 28. Section 15.329, subsection 1, paragraph b, Code
25 16 2007, is amended to read as follows:

25 17 b. The business, or the business's successors or assigns,
25 18 has not closed or substantially reduced its operation in one
25 19 area of the state community and relocated substantially the
25 20 same operation in the another community. A business is not
25 21 eligible to receive incentives under this part if it is
25 22 closing, or has closed, or is reducing, or has reduced, its
25 23 operations in one city or county and is relocating, or has
25 24 relocated, substantially the same operation to any other city
25 25 or county. This subsection does not prohibit a business from
25 26 expanding its operation in the community if existing
25 27 operations of a similar nature in the state are not closed or
25 28 substantially reduced.

25 29 Sec. 29. NEW SECTION. 422.11V REDEVELOPMENT TAX CREDIT.

25 30 The taxes imposed under this division, less the credits
25 31 allowed under section 422.12, shall be reduced by a
25 32 redevelopment tax credit allowed under chapter 15, part 9.

25 33 Sec. 30. Section 422.33, Code Supplement 2007, is amended
25 34 by adding the following new subsection:

25 35 NEW SUBSECTION. 25. The taxes imposed under this division
26 1 shall be reduced by a redevelopment tax credit allowed under
26 2 chapter 15, part 9.

26 3 Sec. 31. Section 422.60, Code Supplement 2007, is amended
26 4 by adding the following new subsection:

26 5 NEW SUBSECTION. 15. The taxes imposed under this division
26 6 shall be reduced by a redevelopment tax credit allowed under
26 7 chapter 15, part 9.

26 8 Sec. 32. NEW SECTION. 432.12L REDEVELOPMENT TAX CREDIT.

26 9 The taxes imposed under this chapter shall be reduced by a
26 10 redevelopment tax credit allowed under chapter 15, part 9.

26 11 Sec. 33. Section 533.329, subsection 2, Code Supplement
26 12 2007, is amended by adding the following new paragraph:

26 13 NEW PARAGRAPH. n. The moneys and credits tax imposed
26 14 under this section shall be reduced by a redevelopment tax
26 15 credit allowed under chapter 15, part 9.

26 16 Sec. 34. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

26 17 This division of this Act takes effect January 1, 2009, for
26 18 tax years beginning on or after that date.

26 19 EXPLANATION

26 20 This bill relates to revenue sources for cities as an
26 21 alternative to property tax by authorizing a maximum
26 22 percentage rate that may be assessed as a franchise fee and
26 23 requiring use of a portion of the franchise fees collected to
26 24 provide property tax relief and by establishing a pilot
26 25 program whereby cities that complete efficient growth planning
26 26 may utilize alternative revenue sources and by requiring a
26 27 pilot project city to provide property tax relief measures
26 28 using the alternative revenues collected and providing tax
26 29 credits for the redevelopment of underutilized properties.

26 30 CITY FRANCHISE FEES. This division provides that the
26 31 amount of a city franchise fee may be based upon a percentage
26 32 of gross revenues generated from sales of the franchisee
26 33 within the city not to exceed 5 percent without regard to the
26 34 city's cost of regulating the franchise. The bill allows
26 35 franchise fees collected by the city to be credited to the
27 1 city general fund and used for city general fund purposes.
27 2 However, at least 20 percent of the fees collected are to be
27 3 used for property tax relief.

27 4 The division requires a city to prepare a revenue purpose
27 5 statement before the city adopts or amends a franchise fee
27 6 rate ordinance or a franchise ordinance to increase the
27 7 percentage rate of franchise fees assessed. The division
27 8 requires the revenue purpose statement to specify how the
27 9 increase in franchise fees will be expended, including
27 10 information on the amount of additional property tax relief
27 11 that will be provided if property tax relief is listed as a
27 12 purpose. The division also requires each revenue purpose
27 13 statement to be published in a newspaper of general
27 14 circulation in the city before official action is taken on the
27 15 fee rate increase.

27 16 This division takes effect upon enactment.

27 17 EFFICIENT GROWTH == ALTERNATIVE REVENUE SOURCES. This
27 18 division authorizes certain pilot cities that adopt a plan for
27 19 efficient growth to impose or assess fees or taxes as an
27 20 alternative to property taxes. The division creates a new
27 21 Code chapter 385 separated into subchapters as follows:

27 22 Subchapter I requires a city to adopt an efficient growth
27 23 plan before it is authorized to impose the taxes and fees
27 24 specified in the other subchapters. The number of pilot
27 25 cities that are authorized to impose these taxes and fees is
27 26 limited to 10. However, contiguous cities may adopt a joint
27 27 plan and would then be counted as one pilot city. Of the

27 28 number of pilot cities designated, at least one city with a
27 29 population of less than 10,000 and at least one city with a
27 30 population between 10,000 and 35,000 shall be designated pilot
27 31 cities. The plan must at least contain an issues and
27 32 opportunities element, a housing element, a transportation
27 33 element, a utilities and community facilities element, an
27 34 agricultural, natural, and cultural resources element, an
27 35 economic development element, an intergovernmental cooperation
28 1 element, a land use element, and an implementation element.
28 2 These elements generally contain a compilation of
28 3 objectives, policies, goals, maps, and programs with regard to
28 4 the element. The issues and opportunities element provides
28 5 the background information and a statement of the overall
28 6 objectives, policies, goals, and programs of the city to guide
28 7 its future development.

28 8 The adopted plan becomes part of the city's comprehensive
28 9 plan. The adopted plan is required to be filed with the city
28 10 clerk and city development board for public view. The city
28 11 development board upon receipt of the plan shall notify the
28 12 departments of management and revenue.

28 13 Subchapter II authorizes the city to assess an additional
28 14 franchise fee of up to 3 percent of the gross revenues
28 15 generated from sales of the franchisee.

28 16 Subchapter III authorizes the imposition of a local hotel
28 17 and motel tax at the maximum rate of 2 percent on the renting
28 18 of rooms, apartments, or sleeping quarters in a hotel, motel,
28 19 inn, public lodging house, rooming house, or manufactured or
28 20 mobile home or in any other place where sleeping
28 21 accommodations are furnished to transient guests for a period
28 22 of 31 days or less. The tax is not imposed on renting of
28 23 sleeping rooms in dorms or memorial unions at universities or
28 24 colleges in the state or to guests of a religious institution
28 25 whose property is exempt from property tax. The tax is
28 26 collected in the same manner as the state sales tax. The tax
28 27 is in addition to any other local hotel and motel tax.

28 28 Subchapter IV authorizes a city that has not imposed a
28 29 local option sales and services tax under Code chapter 423B to
28 30 impose a 1 percent local sales and services tax on the same
28 31 basis as the state sales tax or in the case of the use of
28 32 natural gas, natural gas service, electricity, or electricity
28 33 service on the same basis as the state use tax. The local tax
28 34 shall not be imposed on items exempt from the state sales tax.
28 35 If the city assesses a franchise fee or user fee on the sale
29 1 or use of natural gas, natural gas service, electricity, or
29 2 electric service, the local tax is not imposed on the sale or
29 3 use during the period the franchise or user fee is assessed.
29 4 Retailers shall collect the tax in the same manner as the
29 5 state sales tax is collected and shall remit the revenues to
29 6 the department of revenue. The director of revenue shall
29 7 annually provide an estimate on the amount of revenues that
29 8 will be collected during the fiscal year and shall remit
29 9 payments to the city monthly during that fiscal year based on
29 10 the estimate. Provision is made for contractors to receive a
29 11 refund of the local tax imposed for contracts that were fully
29 12 executed prior to the date of imposition of the local tax.

29 13 Subchapter V authorizes the city to impose a local
29 14 cigarette and tobacco products tax on the sale of cigarettes
29 15 and tobacco products sold at retail locations in the city.
29 16 The rate of the tax is not limited and shall be specified in
29 17 increments of one or more full percentage points. The tax is
29 18 to be imposed on the same basis as the state sales tax and
29 19 shall be administered by the director of revenue. Revenues
29 20 collected are to be remitted at least quarterly to the city.

29 21 Subchapter VI authorizes a city to assess a service charge
29 22 for the providing of police and fire protection services to
29 23 real property that is totally or partially exempt from
29 24 taxation, including government-owned real property and
29 25 property of nonprofit literary, scientific, charitable,
29 26 benevolent, agricultural, and religious institutions and
29 27 societies. That portion of church-owned property that is used
29 28 solely for religious worship is exempt from the service
29 29 charge. The amount of the charge is determined by multiplying
29 30 the assessed value of the real property that is not subject to
29 31 property tax by an amount not to exceed the portion of the
29 32 property tax levy rate for the city as certified by the city
29 33 under Code sections 384.1 and 384.6 which will be used to fund
29 34 police and fire protection.

29 35 Subchapter VII sets out how revenues collected in
30 1 subchapters II through VI shall be used to provide property
30 2 tax relief. The subchapter requires all of the revenues
30 3 received by the city to be deposited into a property tax

30 4 relief fund for purposes of providing property tax credits.
30 5 From the property tax relief fund, 70 percent of the moneys
30 6 are to be used to provide property tax relief for commercial
30 7 and industrial property by means of granting a property tax
30 8 credit to each parcel of such property based upon the taxable
30 9 valuation of that parcel. The remaining 30 percent is to be
30 10 used to provide property tax relief for all taxable property,
30 11 including commercial and industrial property, by means of
30 12 granting a property tax credit to each parcel of such property
30 13 based upon the taxable valuation of that parcel.
30 14 Subchapter VIII provides for the repeal of new Code chapter
30 15 385 on July 1, 2015.
30 16 This division takes effect upon enactment.
30 17 ECONOMIC DEVELOPMENT PROGRAMS. This division relates to
30 18 the redevelopment of underused industrial and commercial
30 19 properties, the use or development of which is sometimes
30 20 complicated by real or perceived contamination or by a lack of
30 21 an economic incentive to redevelop. These properties are
30 22 often referred to as "brownfield" or "grayfield" sites.
30 23 The division creates a two-tiered system of tax credits for
30 24 these sites. An investor who redevelops a grayfield site is
30 25 eligible for a tax credit in an amount equal to 20 percent of
30 26 that investor's qualifying investment. An investor in a
30 27 brownfield site is eligible for a tax credit for an amount
30 28 equal to 40 percent. If the investor redevelops the property
30 29 to meet the standards of certain "green" development
30 30 certification programs, additional tax credits are available.
30 31 Brownfield sites meeting the green development standards are
30 32 eligible for an additional 10 percent tax credit and grayfield
30 33 sites are eligible for an additional 5 percent.
30 34 The division limits the amount of tax credits available.
30 35 For tax years beginning in the 2009 calendar year, the limit
31 1 is \$3 million. For tax years beginning in the 2010 calendar
31 2 year, the limit is \$6 million. For tax years beginning in the
31 3 2011 calendar year, and for tax years beginning in subsequent
31 4 calendar years, the limit is \$10 million.
31 5 The division authorizes the department of economic
31 6 development to adopt rules for the issuance of tax credits and
31 7 provides that the brownfield redevelopment advisory council
31 8 approve the amount of each tax credit issued.
31 9 Finally, the division clarifies the meaning of eligible
31 10 business in Code section 15.329 which defines which businesses
31 11 are eligible for incentives under the high quality job
31 12 creation Act.
31 13 The division takes effect January 1, 2009, for tax years
31 14 beginning on or after that date.
31 15 LSB 6010YH 82
31 16 mg/sc/5.3